MARKET SEGMENT REPORT: SPECIALTY TAK-

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Restaurant Business

A BILL PUBLICATION

NOVEMBER 9, 1987

GODFATHER'S NEW BOSS

HERMAN CAIN TALKS ABOUT PIZZA, PROFITS AND PILLSBURY

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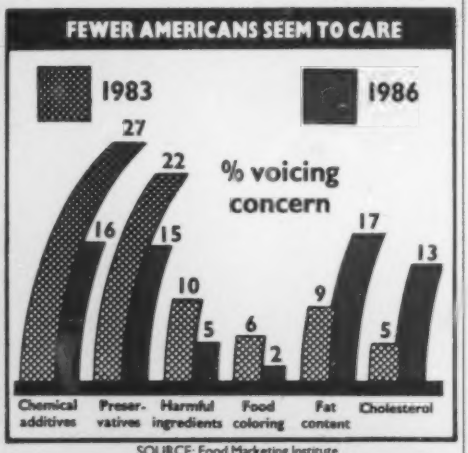
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

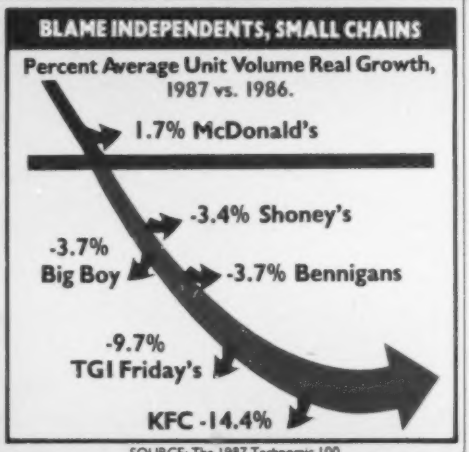
By Howard Riell



SOURCE: Food Marketing Institute

Concern Drops Over Ingredients

Legislators and foodservice operators still fighting over ingredient labeling on fast food packaging should take a look at the latest Food Marketing Institute figures: They show that consumer concern over things like chemical additives, preservatives, coloring, dyes, processing and "harmful ingredients" has tapered off markedly since 1983. Only their concern over fat content and cholesterol has increased. The figures may make legislators start asking some questions: Do consumers want labeling any more? Would labeling reignite their concern about ingredients, or has it already become a moot point?



SOURCE: The 1987 Technomic 100

Unit-Volume Dip Reflects Sales Slump

The sales slump operators have been talking about for so long isn't just rhetoric; it's showing up in black and white. According to Ron Paul, president of Chicago-based Technomic Inc., a consulting firm, average unit sales for some of the biggest chains have dipped. Why? "They didn't open as many units as they did the year before," he says. "Independents and small chains were able to steal market share." Paul points out, in fact, that the entire Top 100, as tracked by Technomic, failed to outperform all chain restaurants by a significant margin for the first time since his company began tracking them.

SOURCE: Gallup Monthly Report on Eating Out.

Braving The Cold For Fast Food

Marketing directors planning winter promotions for fast food chains ought to take note: The audience least afraid to brave the cold appears to be adults aged 18 to 24. According to figures supplied by the Gallup organization, sales to that group rose the most during the winter of 1987—13 percent—placing it just ahead of the 25- to 34-year-old age group. Also, consumers in all age groups were more likely to dine in fast food restaurants during the winter this year than last. Those who felt the cold more, consumers aged 50 to 64, naturally ventured out less. Interestingly, those past retirement age ventured out more.

CHARTS DESIGNED BY SHARI FANG

Restaurant Business

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TURNAROUND STRATEGY **GODFATHER'S.** *After three years and three presidents, Omaha-based Godfather's has a new boss in Herman Cain, who has turned the pizza chain around and brought it back into the Pillsbury family of restaurants. The company has posted its first operating profit since 1984 and company store sales are up an average of 10 percent year to year* **119**

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Cover photograph of Herman Cain by Greg Morin Studio.

Published 18 times a year by Restaurant Business Magazine, 633 Third Ave., New York, N.Y. 10017 Vol. 86 No. 16. Second Class Postage paid at New York, N.Y. and additional office (ISSN 0097-8043). Postmaster please send address changes to Restaurant Business, P.O. Box 5309, Grand Central Station, New York, N.Y. 10017.

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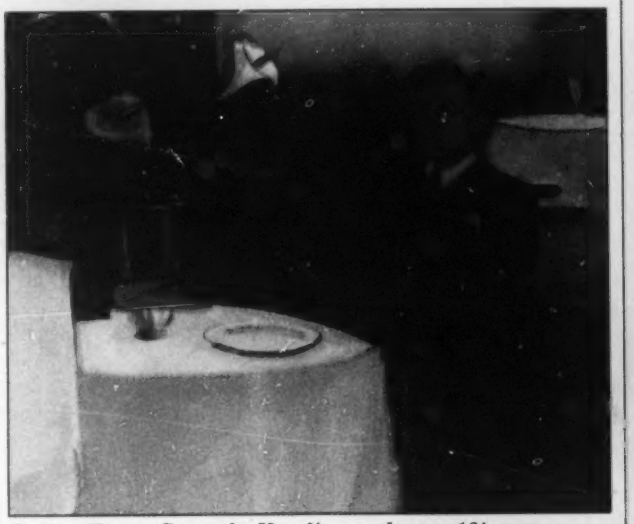

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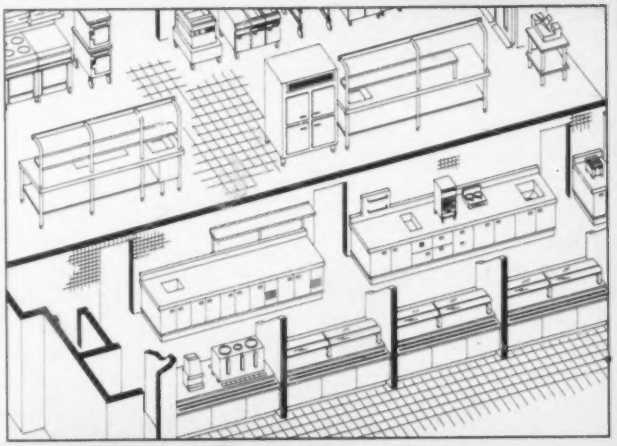

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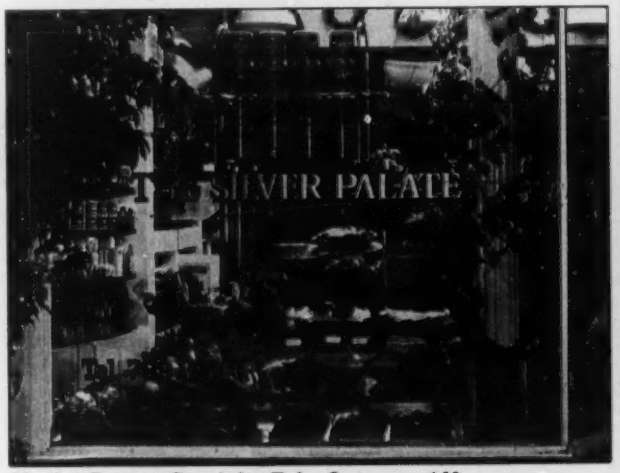

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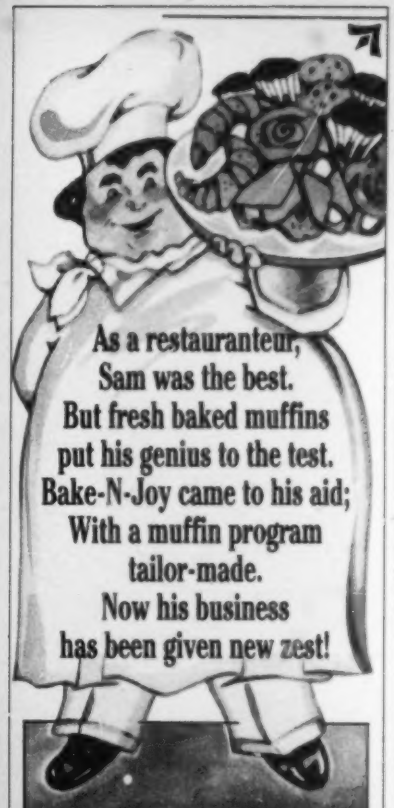

This little limerick illustrates a promise: a bakery program from Bake-N-Joy using frozen batters, mixes and fruit fillings means simplicity, quality and profitability.

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MANAGING EDITOR Tom Strenk
ASSISTANT MANAGING EDITOR Shelley Wolson
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CONTRIBUTING EDITORS
Carol Casper Dolores Long
Sharon Kahn Sarah Person
Jacque White Kochak Ralph Raffio
Elizabeth Rhein

PRESIDENT/GROUP PUBLISHER Jeffrey P. Berlind
CHAIRMAN Donald A. Karas

Editorial Office
633 Third Ave., New York, NY 10017
(212) 986-4800

RESTAURANT BUSINESS Magazine (formerly FAST FOOD) (ISSN 0097-8043) is published 18 times a year by Bill Communications, Inc., 633 Third Ave., New York, NY 10017. Telephone: 212-986-4800. Copyright © 1987 by Bill Communications, Inc. All rights reserved. Subscriptions in the U.S. $68; Canada, $98; elsewhere, $104. Single copies in the U.S. and Canada $5. Second class postage paid at New York, NY and at additional offices. Postmaster: Send address corrections to Restaurant Business, Attention: Roseanne Walsh, Circ. Dept., 633 Third Ave., New York, NY 10017-6743.

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and schoolchildren," adds Whiteman. "That creates surges of people rather than a constant flow of traffic. At the same time, you don't want to disrupt the regular museum goers' experience." He adds, however, that "it's a privilege to work on an important museum. The city doesn't get many."

The Baum & Whiteman Co., which created Windows on the World atop Manhattan's World Trade Center in the 1970s, will soon complete its "restoration and enhancement" of the Rainbow Room, in Rockefeller Center. It is scheduled to reopen in December. "Our effort has been to return the Rainbow Room to the city of New York," says Whiteman. "Over the last decade it had receded from the consciousness of the people in the city."

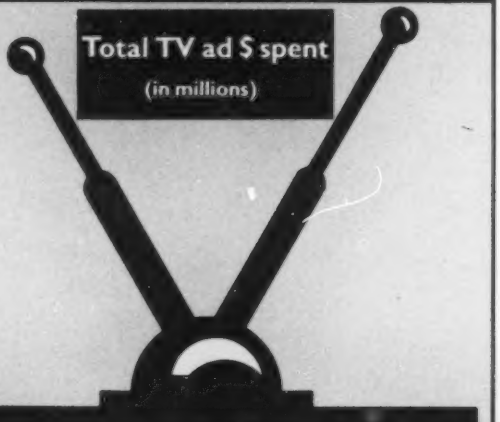
TV AD BUDGETS ESCALATE AS INDUSTRY SEEKS SPARK

Think it's easy being a fast food giant? Just look at what the industry's big boys had to shell out for advertising in the first half of the year to fend off the flat sales that seem to have settled on foodservice.

Overall ad spending for the companies listed over the first half of the year increased a staggering nine percent over the first half of 1986, to $611.8 million, according to the Television Bureau of Advertising (see table). Emphasis also shifted from spot to network ads. The biggest increases belonged to Domino's—a whopping 47 percent—and Sizzler with 32 percent. The biggest drop, 20 percent, came from Arby's.

Of course, McDonald's led the pack in total expenditures with $160.3 million, spending a hair under twice the amount of its nearest competitor, Burger King. Yet the burger giant's budget did not change from year to year. Of the 15 companies included in the survey, only Roy Rogers can stake any claim to challenging Kentucky Fried Chicken within the chicken segment.

TOP TELEVISON BUDGETS



	1986	1987	% chg.
McDonald's	$160	160.3	.002
Burger King	73.1	80.2	10
KFC	38.7	44.5	15
Pizza Hut	37.5	40.8	9
Wendy's	36.2	38.4	6
Taco Bell	24.2	29.9	23
Red Lobster Inns	16.2	20.0	24
Domino's	13.4	19.7	47
Hardee's	12.5	16.1	29
Long John Silver's	14.1	14.4	2
Sizzler	7.3	9.6	32
Dairy Queen	8.6	8.9	4
Jack in the Box	8.7	8.2	-6
Arby's	6.7	5.4	-20
Roy Rogers	5.2	5.4	2

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

NO-SMOKING ISSUE SPLITS FL RESTAURANTS IN HALF

Half of Florida's restaurants already have designated no-smoking areas—despite complaints from operators that such sections hurt their business, according to a survey conducted by the Florida Restaurant Association.

The statewide survey showed that 64 percent of the 500 restaurateurs who responded said their businesses would experience a "negative business impact" if designated no-smoking sections were required. Almost half (46 percent) of the operators said that 50 percent or more of their dining seats were taken by smokers in an average evening. When measured for an entire day, the figure jumped to 62 percent of seats occupied by smokers.

Close to 80 percent said a smoking prohibition would result in loss of business.

Only 20 percent of operators, however, said they receive frequent complaints. Two-thirds indicated the complainants represented less than five percent of their customers.

"The fact that 78 percent of our members oppose a smoking prohibition, and 82 percent are against a fixed percentage of seats mandated for no-smoking, is hardly surprising in the face of the industry's present trend toward assuring customer satisfaction on a voluntary basis," says M.J. Mighdoll, executive vice president of the FRA.

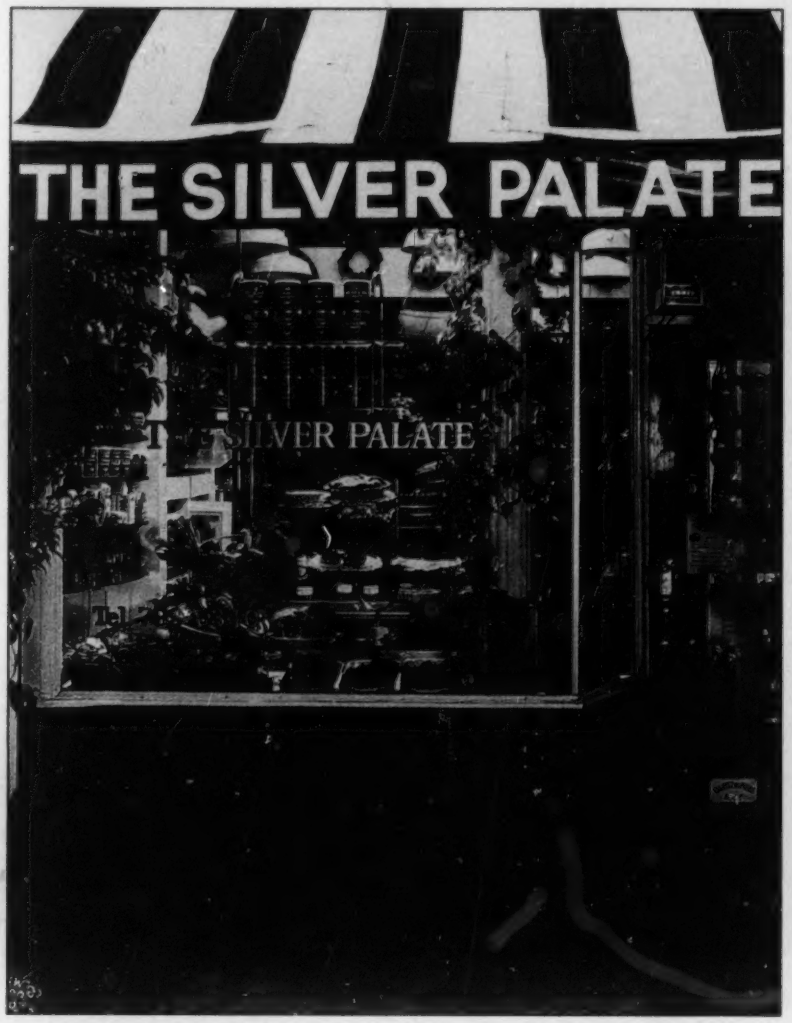
He pointed out that the survey showed that 79 percent of operators agree that customers' requests should help determine the number of no-smoking seats, rather than regulations.

The survey also revealed the following points about no-smoking sections:

- Fifty-four percent of restaurants surveyed have air-purification devices—mostly in the form of air conditioning and exhaust equipment.
- In restaurants with a no-smoking section, almost two-thirds allotted at least 20 percent of seating to the no-smoking area. More than a third of the restaurants placed the figure at between 30 percent and 50 percent of the total seating.
- Only 15 percent of the restaurants participating in the survey have been required to take corrective action as a result of a Health Department inspection and citation.

More Insights on p. 36

The climate is right for specialty carryout concepts, as restaurateurs, hoteliers, retailers and grocery store operators have discovered.



Manhattan's Silver Palate is one of the forebears of the freestanding gourmet food store business.

MARKET SEGMENT REPORT

UPSCALE TAKE-OUT

BY MARTIN ELDER

There is absolutely no doubt anymore that take-out represents a significant potential for business. Restaurants, hotels, B&I operators, and grocery and convenience stores have been quick to realize this, embracing the option of take-out as a way to increase volume with a minimum amount of additional investment. After all, operators reason, the kitchen, the inventory and the staff are already there: Why not utilize them to build additional sales volume?

Of course, pizzerias, quick-service outlets and Chinese restaurants have long been known to consumers for take-out. But in the last five years, a new subsegment has sprung up in response to demand from the growing ranks of affluent, time-pressed working people, that of "upscale" or "gourmet" take-out. The subsegment appears to represent almost endless opportunity for enterprising foodservice operators of all types, who are responding with high-quality, freshly prepared foods to go.

The customer base—those much sought-after baby boomers—are the ones who yawn at pizza and hamburgers and head for the chicken tarragon salad, sesame noodles and fresh carrot juice or sparkling water instead.

But just what is upscale, gourmet take-out food anyway? According to the dictionary, upscale means appealing to wealthy consumers; gourmet implies being a connoisseur in food and drink and the discriminating enjoyment of them. In reality, though, the consumer decides what upscale or

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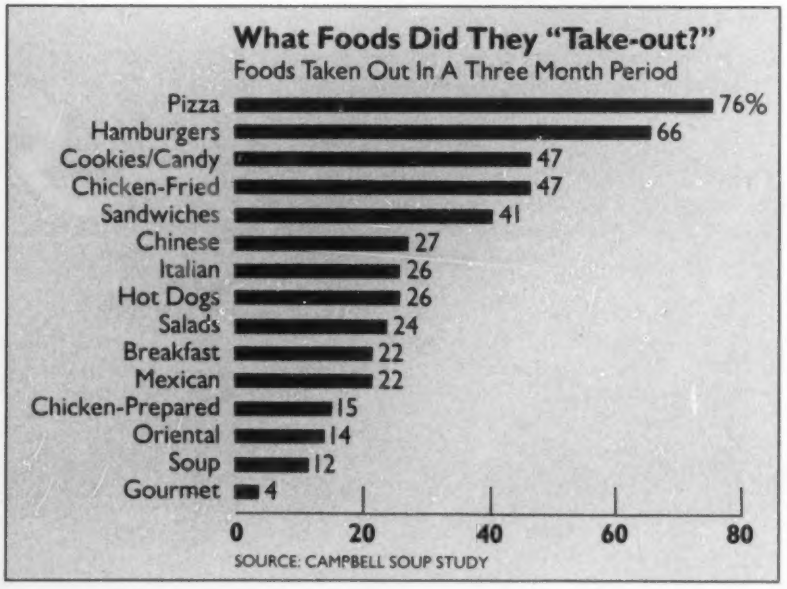
gourmet is. Consequently, it's up to operators positioning themselves in the upscale or gourmet niche to convince consumers that they carry high-quality, freshly prepared food to go.

RELATIVE SCARCITY. This niche is also notoriously hard to quantify—so far, at least. According to one recent study (see accompanying chart), so-called "gourmet" foods were ordered "to-go" by only about four percent of take-out customers in a recent three-month period. But many observers believe that the reason behind this is the relative scarcity of upscale take-out options when compared to such common carryout choices as pizza, hamburgers and fried chicken. It is reasonable to assume, therefore, that as the number of options in the gourmet take-out arena grows, so too will the number of gourmet take-out occasions.

And there is every reason to assume that growth can be achieved. Demographic developments point to it, for one thing. The number of dual-income families is up, suggesting that many wives no longer have the time to cook meals every night, and the huge baby boom target group is entering a phase of family formation, indicating that life will increasingly center around the home. The fact that more than 60 percent of U.S. households own a microwave oven and more than 40 percent possess a VCR (see accompanying chart) lends credence to this notion of Americans as convenience-seeking and increasingly homebound.



Indeed, off-premise consumption of foods prepared in restaurants has boomed as a result. According to CREST, a division of the Park Ridge, IL-based NPD Group, total off-premise traffic in the restaurant industry reached a new high at 44 percent of total traffic for 1986. For the first six months of 1987, off-premise traffic grew at nine percent over the prior-year period, while on-premise volume declined two percent. So-called "upscale" establishments (as differentiated by CREST from quick-service and midscale operations) accounted for a seven percent share of off-premise consumption of prepared foods.

Even more encouragingly, studies by the Washington, DC-based Food Marketing Institute indicate that the heaviest users of take-out tend to be young working professionals with above-average income and education, just the group targeted by much of the foodservice industry.

Operators of on-premise foodservice facilities are vying in the marketplace with boutique take-out-only outlets, businesses that exclude any on-premise dining. In the last few years, operators of all types have created upscale take-out businesses in such settings as small specialty food outlets, major transportation hubs, supermarkets and department stores and the more familiar locations like delicatessens or restaurants with adjoining stores.

In such metropolitan areas as New York, Chicago and Los Angeles, full-service restaurants—long noted for sophisticated, white tablecloth dining—have become alternatives for convenience-minded consumers seeking high-end, freshly prepared food to go. Many operators, in fact, feel the demand for upscale take-out is where the demand for upscale restaurant dining was a decade ago: underexploited.

Operators who realize the upscale take-out segment is booming are tapping consumers' increasing desire for convenience without trading in quality. Today's consumers, especially in the more urban areas, are better educated, more sophisticated, more career-oriented, busier and are less likely to cook at home. Given these lifestyles, eating at home or at the office is quite fitting as consumers attempt to make the most of their free time. The Food Marketing Institute has posited that as the upscale take-out market expands, kitchens in consumers' homes or

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places of business will shift from a place where food is prepared to a place where prepared food purchased elsewhere is merely reheated, if necessary, in a microwave oven and then served.

URBAN PHENOMENON. From all reports, it's reasonable to assume that the upscale take-out segment is showing strength in the more urban areas of the U.S. In the last few years, a myriad of foodservice operators have sprung up in such metropolitan areas as New York, San Francisco and Chicago, opening what they call upscale or gourmet take-out. Many of the new players are now competing with the small mom-and-pop boutiques that were considered new and different about a decade ago. "When we first opened eight-and-a-half years ago, we were considered on the cutting edge of gourmet take-out food on the West Coast," comments Elaine Tanzer, owner of Elephant's Delicatessen in Portland, OR. "Actually, we were synonymous with the European market, where for many years, small, freestanding stores would sell combinations of freshly prepared meals and other homemade retail products under the same roof. Today, hundreds of stores are like this."

Elephant's Delicatessen carries fruits and vegetables freshly picked in the morning before sale. The store's products include truffles, wild mushrooms, raspberries and fresh corn, as well as bottled jams, honey, chutney and olive oils.

Some lessons have been learned over the years, however. "When we first opened we concentrated on more exotic, complicated dishes," explains Tanzer. "In the last three years, however, we have offered more basic, home-cooked meals because that's what most people seem to want. For instance, we have different chicken specials each week. One week we'll have chicken with jalapeño chili and chutney; the next week, Cajun chicken, pepper-filled chicken enchiladas, apricot chicken or chicken with wild chanterelle mushrooms from Oregon." The average meal check at Elephant's Delicatessen is $6.

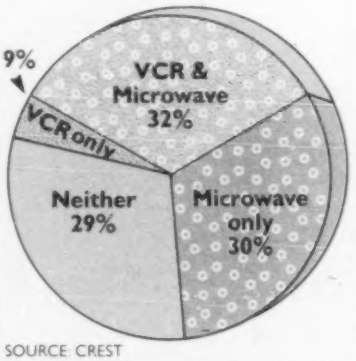
In New York City, the long-established Zabar's operation has seen itself as a frontrunner in gourmet take-out foods as well as housewares. Although Zabar's actually opened 40 years ago as a Jewish delicatessen, it became a gourmet food store 25 years ago.

According to owner Murray Klein Zabar's roasts its own coffee, pickles its own herring and orders in excess of 3,000 pounds of salmon from Scotland, Norway and Ireland every week. The attention to detail must be working: In the last 10 years, Zabar's has expanded from 2,500 sq. ft. to 5,000 sq. ft. of retail space.

Klein says people come to Zabar's because "we carry the best quality homemade food and charge one-third the price of an upscale restaurant." The average ticket runs between $10 and $15. "We also let customers tell *us* what new items we should carry," notes Klein.

The Stay-at-Homes: VCR and Microwave Owners

% of Total U.S. Households, 1986



SOURCE: CREST

Open seven days a week as a take-out store only, Zabar's generates about $30 million in annual sales, thanks to about 35,000 paying customers a week.

Another veteran of upscale take-out is The Silver Palate, which opened in 1977 as a tiny (11 ft. by 16 ft.) shop on Manhattan's not-yet-trendy Upper West Side. The original $21,000 investment that owners Julee Rosso and Sheila Lukins made has exploded into a multimillion dollar business, which includes the Silver Palate store, a full-service catering operation and a line of bottled and packaged goods (including blueberry vinegar, jalapeño jelly, caramel pecan sauce plum chutney, hazelnut fudge sauce and apricot mustard sauce, just to name a few). The owners have also published two cookbooks.

A kitchen leased around the corner from the store turns out most of the fresh food to go. According to Beth A. Hoemke, director of merchandising and communications, The Silver Palate was introducing warm duck salads and roast pheasant stuffed with leeks long before such relatively prosaic items as pesto and pasta had even appeared on many other menus. The owners were ahead of their time in choosing a good location, too—a decaying but affordable neighborhood which has since turned into a trendy, high-rent district filled with restaurants and boutiques.

Another operator with a nose for good locations is New York City-based Zaro's Bread Basket. Some of the company's units are situated in such major Manhattan transportation hubs as Pennsylvania Station, the Port Authority Bus Terminal and Grand Central Station. "We started at Grand Central Station (a commuter train station) 10 years ago with just a bakery and have recently expanded the unit into an upscale take-out deli," comments Stuart Zaro, a principal of Zaro's Bread Basket. The Grand Central unit, alone, he adds, serves between 12,000 and 15,000 customers daily, many of whom are commuters.

Zaro's began in business a half-century ago as a single bakery; it has since expanded into a 16-unit chain, selling frozen yogurt with various toppings, pizza crowned with spinach, curried chicken pasta salad and a variety of sandwiches using many types of freshly baked bread, including spinach souffle in a croissant. "Our biggest challenge in running this business," says Zaro, "is treating customers well, yet getting them in and out of our stores quickly so they don't miss their buses or trains. Thousands of commuters pass us by and if they see our lines are too long, they'll run right past us."

A high-traffic location does appear

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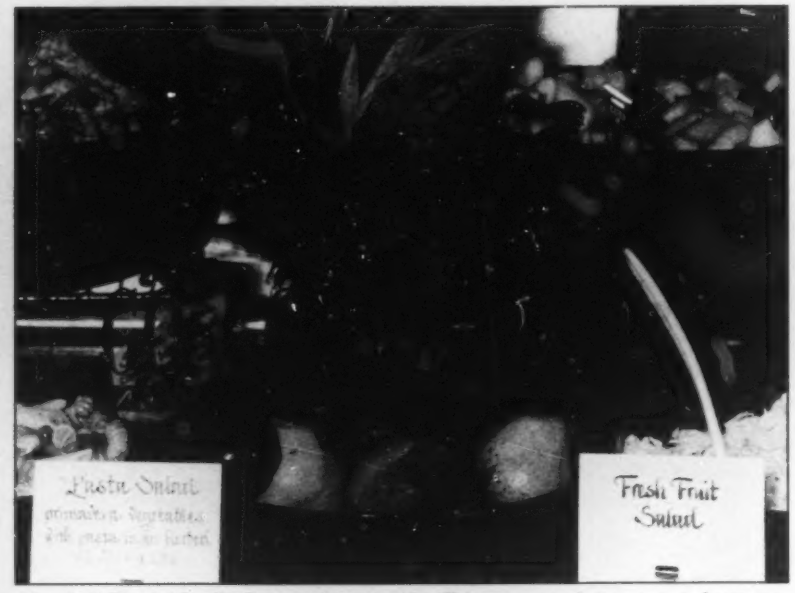
operational expenses."

To do this, Lavine operates a separate, 3,000-sq.-ft. commissary, located about five miles away from his only store in Toluca Lake.

At the commissary, a staff of three chefs prepares all the business luncheons. In fact, Lavine boasts they can prepare for one delivery accommodating up to 2,000 people. His chefs also prepare food to be trucked over to the store. Gourmet Fantasies, adds Lavine, is equipped with deli display cases, freezers, microwaves for reheating and steamtables.



Marshall Fields' Go Go Gourmet concept in Chicago appeals to women shoppers with light, sophisticated prepared foods.

to be one secret to success in the retail take-out market. On the West Coast, Toluca Lake, CA-based Gourmet Fantasies To Go is situated in the heart of several movie and recording studios, including those owned by Disney and Warner Brothers. "We are set up in area populated by about 10,000 people within a 10-block radius," says owner John Lavine. "Half of our business is from over-the-counter take-out; the rest is from delivery. We deliver mostly to offices using two vans."

COST-CONSCIOUS. Because it took Lavine several months to build his business, having started it last December, he has become very cost-conscious. "I plan to add 10 more stores throughout Southern California within the next five years. At the same time, I'm always looking for ways to save on

Lavine points out that although he considers his cuisine upscale, it is not exotic. "We've found that people want simple, yet high quality, freshly made food. Some of our biggest sellers include chicken salad with apples and walnuts in a creamy fresh tarragon dressing, served on a Kaiser roll. Fruit salad and other vegetarian dishes are also popular. Some of the more exotic dishes which didn't do that well include rock cornish hen stuffed with wild rice, leeks and mushrooms."

"Although we're in a high-rent area with many well-to-do businessmen, our prices are fairly reasonable," continues Lavine. "The average check here is $4.50."

Other high-traffic areas for upscale take-out stores include supermarkets, hotels and department stores.

Marshall Fields, the Chicago-based retail chain, for example, plans to open an upscale, gourmet take-out unit this fall on the lower level of one of its Chicago department stores. The operation will link a system of underground walkways with several buildings throughout the city. "The new store is designed for commuter traffic, especially during rush hours and cold winter days," explains Rod Fensom, marketing manager, restaurants.

RETAIL ANGLE. Marshall Fields already boasts the "Go Go Gourmet" take-out deli in its Chicago flagship store. "This is where we focus heavily on gourmet salads, not only because there's a lot of variety in them, but because a majority of our clientele consists of young, professional, health-conscious women. Many of them are watching their weight."

Menu items include tortellini artichoke salad, angelotti (another type of stuffed pasta) with pesto, tabouli, Szechuan beef salad and bouillabaisse salad. Other offerings include teriyaki marinated tuna steak with okra and cherry tomatoes as well as prepackaged microwavable selections of cheeses, meats, quiche, kabob dinners and vegetable torte (layers of crêpes with spinach souffle, bean sprouts and pea pods). The average check is $5.

Fensom adds there are many advantages in selling gourmet food to go from a department store. "For one thing, the high-quality reputation of Marshall Fields is a reflection on a small gourmet take-out shop under the same roof. Secondly, a large department store chain can usually afford to hire more manpower to serve customers than can a small independently owned operation. This is especially important during our peak customer periods when we can't afford to be short-staffed."

That reality also seems to work in favor of the gourmet take-out shop at Bloomingdale's in New York City. Says Michael Regina, the department store's fresh food buyer, "Our food themes often fall into place with whatever special promotions the rest of the store features."

For example, Bloomingdale's, he says, is now merchandising Mediterranean products throughout its many departments. "Likewise, our gourmet take-out department is offering food from countries bordering the Mediterranean. We're paying special attention to Sardinia, by featuring such recipes

as roasted yellow pepper rolled with pecorino romano cheese, served with olives and rosemary." Also included are several generic Mediterranean special dishes: risotto with porcini mushrooms, and baked pasta with eggplant, tomato, basil, pecorino romano and mozzarella.

Other customer favorites include fresh pasta dishes as well as salmon pot pie with mixed vegetables and a light sauce. The store also sells a wide array of fresh bakery goods, candy, bottled jams and jellies, bottled sauces, smoked meats, smoked fish, caviar and cheeses.

AT-HOME DOLLARS. In addition to department stores, supermarkets represent a growing market for upscale take-out. Many supermarkets are looking to boost revenues from consumer dollars spent on food both at home and away from home. According to the Food Marketing Institute, the nation's supermarkets contributed nearly 23 percent to a total of $62.4 billion in take-out sales last year. Only fast food restaurants and pizza parlors produced significantly better results. Take-out food sales in supermarkets reached $14.4 billion last year, showing an increase of 18.6 percent over 1985.

While the supermarket segment has much in common with convenience stores and freestanding delicatessens, supermarket deli operators—especially those which consider themselves upscale—have distinctive needs that require different marketing approaches. "We can't just sell cold cuts, coleslaw and rice pudding anymore," says Sue Challis, public affairs director for Landover, MD-based Giant Food. "We have to market ourselves more aggressively to compete with other upscale operators. Supermarkets must promote their reputation as a place to buy fresh, high-quality, healthful foods." Challis says that Giant is capturing the maximum number of upscale dollars—"and not just by displaying fresh pizzas or homemade quiche anymore.

"Consumers want a bigger variety of prepared foods; they want menus that change daily, and that's just what we're giving them." Challis says that 20 of Giant's 143 stores have "Gourmet To Go Kitchens," offering over 350 entrees as well as prepared foods that appear in other store departments. Last year the chain began selling a gourmet candy line. The stores devote an average of 2,100 sq. ft. of space to food preparation and a service deli. The space, adds Challis, is consistent with the company's view of the changing consumer. "Soup bars, for instance, stand adjacent to salad bars. In the past," adds Challis, "the deli bars stocked two types of soup and a homemade chili. Today, we offer three or four soups in addition to chili."

Twenty of Giant Foods' 143 stores feature a Gourmet To Go Kitchen, including this unit in Gaithersburg, MD.

Giant boasts everything from spiced shrimp to asparagus vinaigrette. A section of the deli is used for warming such customer favorites as spareribs, fried and barbecued chicken, and fried vegetables. A variety of premade sandwiches is available and pizzas are prepared in full view of the consumer.

MORE THAN ROOM SERVICE. Hotels, too, are getting into the take-out boom. Virginia Beach Resort and Conference Center (Virginia Beach, VA) came up with a new idea to obtain a fair market share from the local competition. "Seeing that our strongest foodservice competitors became the local grocery stores, gourmet shops and take-out restaurants in Virginia Beach, we decided to convert a 70-seat coffee shop to a 40-seat delicatessen concept, with more emphasis on take-out," comments Deborah Carr, the hotel's director of food and beverage.

The new concept, called Cafe By The Bay Deli and Restaurant, accommodates hotel guests quite well for take-out since all rooms at the hotel are equipped with microwave ovens, re-

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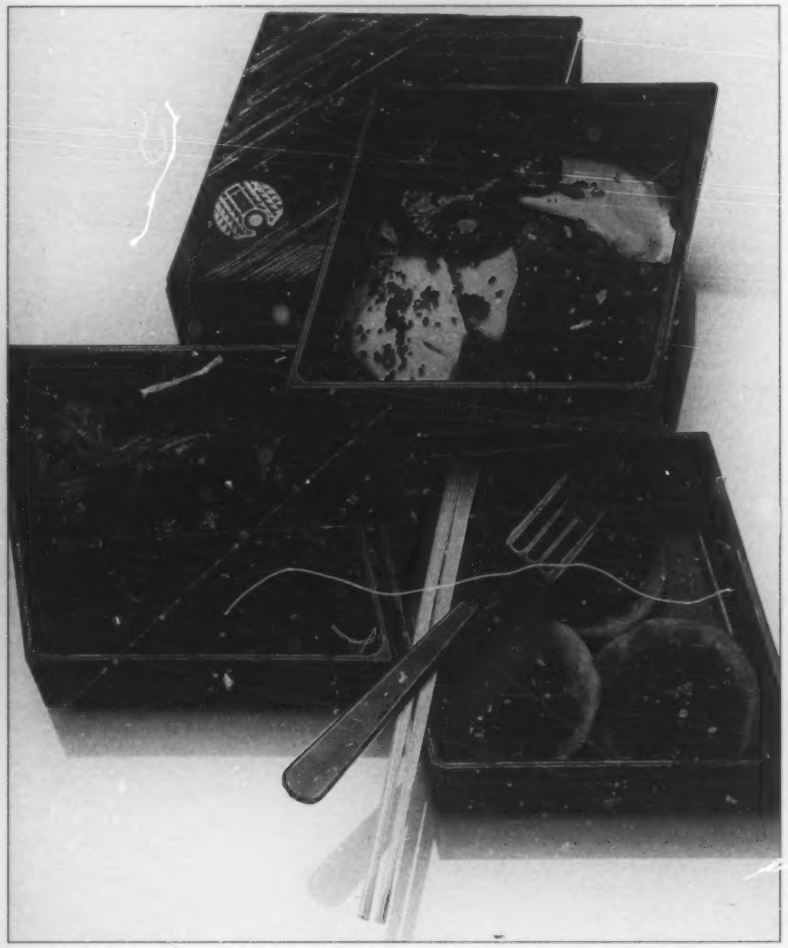
frigerators, wet bars and dining tables seating four. "After guests leave the Cafe," says Carr, "they can either store the food or reheat it in the comfort and privacy of their rooms. Guests can either pick up the food in person so they can see what they're buying, or call roomservice for delivery. Of course, guests can also eat outside the hotel, especially at the beach. That's why we offer picnic lunches at our deli counter."

Carr adds that since the conversion this past spring, the Cafe's average monthly sales volume has jumped from



The Quilted Giraffe, in New York City, serves its upscale meals to go in lacquered Japanese "bento" boxes.

$20,000 to $35,000.

The Cafe features generously portioned deli sandwiches, homemade salads, cheeses, desserts and shelving racks which display a variety of crackers, wines, breads, candies, freshly baked cookies and brownies. Business hours are 7 a.m. to 11 p.m. The average breakfast check per person is $3.50, lunch is $5.85 and dinner is $7, says Carr. The hotel has an additional full-service restaurant called Tradewinds which encourages on-premise dining.

In Chicago, the Park Hyatt hotel recently began selling a carryout wicker picnic basket designed for two people. The standard basket costs $45 and includes *baguette* sandwiches, camembert cheese, prepared salads, Swiss chocolate, a red checkered tablecloth, and all disposable utensils. At $200, the deluxe baskets come with all items from the standard basket along with beluga caviar, French champagne and smoked salmon.

The Park Hyatt's general manager Wolfgang Triebnig says the picnic baskets are an effective marketing tool with guests who want to spend a lot of time outdoors.

MAINTAIN QUALITY. There are challenges to take-out, of course. For instance, maintaining quality and freshness is not always easy. According to Richard Lowe, manager of Winnetka, IL-based Beautiful Food, "Making sure food is constantly fresh is one of the biggest challenges in this business. "In the average restaurant, the food is on the customer's table within minutes of preparation. To capture the same freshness in a take-out store, the food should be undercooked so by the time it's taken home and reheated, it tastes cooked to order," explains Lowe. With 1,200 sq. ft. of space and 40 seats, Beautiful Food, located just outside of Chicago, enjoys 40 percent of its business from take-out, 40 percent from eat-in sales and 20 percent from catering. Its menu includes calzone; *focaccio* (a type of sauceless pizza); hot and cold soups; fruit pasta made with fusilli, apples, grapes and poppyseed dressing; and vegetable terrine with fresh chive sauce. The average check per person is $8.95. Picnic box lunches run anywhere between $12.50 and $17.95.

Lowe says boasting an attractive menu list is just one aspect of good menu planning. "Sure we list our specials and standard items like most restaurants. But we also tell customers that if they don't see what they want, just ask us and we'll make it. Customers like to have more freedom of choice."

Indeed, pleasing customers is impor-

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tant, even if it takes more time and labor to get them in and out of the store during peak hours. "We would love to prepare portion-sized trays of food to-go before we open up each day," says Lavine of Gourmet Fantasies To Go. "That way, by the time customers arrive, we can hand them the tray of their choice and quickly send them on their way. However, we are not a fast food operation. We are upscale. Our customers want personalized service as if they were eating in a four-star restaurant. They want to see us dishing out the food; they want to observe what

Gourmet Gourmet in Tarzana, CA, features Pritikin Diet-style cuisine—salt- and oil-free—complete with calorie counts on all items.

they're actually buying before it's properly packaged."

CONTAINED. And proper packaging, adds Lavine, is a big part of promoting an operator's product; it's also one of the biggest problems in the take-out business, he adds. "Some of the packaging today looks good, but doesn't seal properly."

"I don't believe there is yet an attractive way to sell hot food to go," says Bloomingdale's Michael Regina. "We need more customized equipment that can better hold and store food. Merchandising quality," he adds, "has not yet caught up with the creative side of our business; our equipment is behind the times."

At the same time, some operators feel their customers are happy with take-out containers. For the most part, those operators are carrying what they describe as highly durable containers equipped with see-through, dome-shaped lids. These lids seal the food airtight when snapped shut. Not only do the containers keep food fresh for consumption, they serve to prevent food from being jostled around while in transit.

According to Barry Wine, owner and chef of the New York-based Quilted Giraffe, high-tech controlled atmospheric packaging seems to be the answer to the future of upscale take-out operations—especially for companies looking to expand beyond their local markets. "To achieve such large scale distribution, The Quilted Giraffe would have to join forces with a large corporation equipped with heavy distribution and packaging skills. That way we can prepare freshly prepared food to go, while our partner would handle everything from packaging the food in dual-ovenable rigid trays with barrier lids to delivering the food as far as our market will bear. The longer the delivery takes, the longer shelf life the food must have. This concept is something we're not equipped for yet. But the fact that upscale take-out is such a growing segment, it's worth thinking seriously about."

At present, The Quilted Giraffe caters to a local market: New York City. "We're in a great location for upscale take-out. Our clientele includes a number of both corporations and individual professionals willing to spend their money on high-quality, freshly prepared meals."

When the restaurant opened in December, 1986, it included an adjacent take-out concept—the Lunchbox Clubbe and Kerryout—where many corporations order *bento* lunches for business conferences. Bento boxes are Japanese stacked lacquer boxes; Wine packs them with what he terms "four-star lunches." Bentos run anywhere between $20 and $50 per person depending on the meal. The operation also prepares *prix fixe* lunches at $40 per person; the meal includes an appetizer, an entree, dessert and coffee. *Prix fixe* dinners are $75 per person, and include everything ordered from lunch, plus a cheese course. The restaurant also features such entrees as cold swordfish, smoked salmon, shrimp and *confit* of duck. Side orders include grilled vegetables and salads

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that come with tomatoes and goat cheese fresh from the the company's farm in New Paltz, NY.

ON THE ROAD. Many operators are finding that they can boost business in the prepared foods to-go sector by offering delivery of foods to home and office. But there are special hurdles here, as well. A major problem is the image of the delivery person, whose appearance reflects the image of the operator or company he represents, comments Thomas Antonucci, director of marketing at Boston-based Creative Gourmets Ltd., a foodservice management concern which has long emphasized such "add-on" businesses as gourmet take-out and delivery. "Customers often complain about food being delivered late," says Antonucci. "Not only should delivery personnel be on time, they should be well-mannered and look neat and clean. Too often delivery personnel are typecast for looking dirty or slovenly. That look can really turn off customers, especially when they're about to eat. We prevent these problems from occurring by requiring our delivery people to wear company uniforms."

In West Los Angeles, Junior's take-out program emphasizes fresh, homemade Jewish deli-style prepared foods.

Like The Quilted Giraffe in New York City, Greative Gourmet's "Foods To Go" line targets the business trade. "We make deliveries to both office buildings and our retail outlets in the Boston metropolitan area from our nearby commissary, where we prepare meals for breakfast, lunch and dinner," says Antonucci. In addition to these three meals, Antonucci says box meals represent some of the company's best sellers. "Most businesses ordering from Creative Gourmets prefer freshly prepared, individual boxed meals as opposed to passing around food from family-style party platters," explains Antonucci. "They want individualized, portioned meals equivalent to dining out."

Box meals, he says, are prepared for different meal times. A typical breakfast box, for example, costs between $7 and $9, and includes a container of freshly squeezed citrus juice, freshly cut fruit, fruited butter on a croissant or brioche and a local newspaper tied around the box with a royal blue ribbon displaying the company logo. Some of the lunchbox entrees (priced between $10 and $11) include sliced sirloin with a choice of either horseradish sauce, spicy sesame sauce or red onion with roquefort sauce; lemon tarragon chicken with cucumber chive sauce; and shrimp Mediterranean marinated in mustard and herbs served with a tangy tomato salsa.

Last but not least among Creative Gourmet's boxed meals is the lunch bag and the midafternoon snackbox. The lunch bag includes a cold-cut sandwich accompanied by fresh fruit, a bag of "designer" potato chips, popcorn and a beverage. The snackbox, for $7, comes with pastries, fruits and cheese. All boxed meals include condiments, placemats, eating utensils and dispensers.

In addition to boxed meals, a variety of other upscale food can be found at Creative Gourmet's retail take-out outlets. The store at Faneuil Hall Marketplace, for example, merchandises prepared meals to Boston's downtown workforce and passersby.

HEALTHY NICHE. But the Boston business trade is just one example of marketing upscale take-out to time-famined urban professionals. The truth of the matter is, office workers from both urban and suburban communities are equally busy. Most of them have desk jobs and get little exercise on the job. While they rely heavily on off-premise dining, they are concerned about their calorie intake as well.

For this reason, many operators cater to more health-conscious consumers. "Our cuisine is designed for sedentary office workers ordering high-end take-out," comments Leonard Torine,

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The upscale take-out sector appears to offer almost unlimited opportunity for the enterprising entrepreneur.

president of Livingston, NJ-based Dietworks of America. "Every entree we serve contains less than 300 calories, which is less than half the conventional counterpart."

The five-year-old, publicly held company operates seven units with 50 to 100 seats. "About 50 percent of our business comes from take-out," explains Torine. "And, since we're only open for breakfast and lunch, it's logical for us to locate our units primarily in office buildings, housing mostly the five-day-a-week business crowd. We can assume they'll order more food to-go than some of our seven-day-a-week strip mall customers."

Dietworks of America boasts eight-foot long gourmet deli cases, displaying such dishes as tortellini primavera, fresh vegetable kabob, chicken Creole with salad and rice, pasta primavera salad, ratatouille, cannelloni Florentine, sole Monterey with Monterey jack cheese and chicken Lombardi (boneless breast of chicken layered over seasoned purée of broccoli and crowned with melted Jarlsburg cheese).

All of Dietworks' hot food is prepared in a steamer. Microwave ovens are used only to reheat packaged meals-to-go. "We operate without fryers, grills, duct systems and fire extinguishing equipment," says Torine. He adds that each Dietworks of America unit grosses an average in excess of $400,000 annually.

Also catering to health-conscious consumers is Tarzana, CA-based Gourmet Gourmet. "I offer Pritikin Diet-style cuisine—food that is salt- and oil-free," says Gourmet Gourmet's owner and master chef Joe Donohue.

All of Donohue's dishes include calorie listings. Examples include stuffed breast of chicken with lemon ginger sauce, with 193 calories; salmon in parchment with julienne vegetables and herbs, 162 calories; and stir-fried steak and peppers with onion, weighing in at 203 calories.

Donohue has a right to be pleased with his concept. In the last two years, the 2,000-sq.-ft. restaurant generated an average of $68,000 a month in sales. Take-out and catering accounts for 50 percent of those sales.

"We have to do well here to cover our costs," notes Donahue. "It costs me about 30¢ for each entree container, and I only use the best containers—special high-end ones with dome lids that insulate food rather well. We don't use foam because it absorbs grease from the food."

Donohue opened Gourmet Gourmet in 1981 exclusively for take-out. Now it features an open kitchen for take-out as well as a Country French dining room setting seating 60 people comfortably.

While Christian Vanneque's new operation in Los Angeles has no Country French dining room, it does feature moderately priced French food-to-go. Called Van Kay, the 1,200 sq.-ft. take-out unit opened this fall with a kitchen that is visible to customers. Part of Van Kay's menu will revolve around different seasonal themes. During the winter season, for example, the store will serve hearty stews that include veal and lamb. Other menu items will include cold poached salmon served with a Japanese salad; patties made from lobster and sweetbreads or duck or goose liver; and *tarte flambée*, a 19th century rectangular-shaped pizza recipe originating in Alsace, France. "We prepare the pizza with *fromage blanc* (white cheese), French bacon and shredded onion served on a very thin crust," says Vanneque.

Because Van Kay is so new to consumers, Vanneque plans to market the operation carefully, putting a lot of time into its success. He will be open for business seven days a week, from 9 a.m to 9 p.m.

Vanneque, who is originally from France, believes he is one of the few upscale take-out retailers featuring French food in the U.S. Before coming to this country, Vanneque served as the head sommelier at Paris' venerable, 150-year-old Tour d' Argent restaurant.

TAKING AN ADVANTAGE. One moderately priced operation with an ethnic slant is Junior's Restaurant Delicatessen Bakery in West Los Angeles. One of the largest restaurants in Southern California with more than 11,000 sq. ft. of space, Junior's offers many Jewish-style dishes along with a variety of other high-end, homemade food. Although the restaurant can seat up to 238 people for breakfast, lunch or dinner, owner Marvin Saul does not ignore the possibilities for take-out. The restaurant includes an express phone service for time-pressed customers. "There are no lines and no waiting," says Saul. "Just call 213-475-5771 and choose from more than 400 homemade and freshly prepared selections. Junior's will have your order completely prepared and packaged for you to take home within one hour." The average check at Junior's is $6.

"We started in 1959 as a Jewish deli but have expanded our menu with quiches, seafood salads, Oriental dishes and a variety of American desserts," says Saul. Apparently, the results from the expansion have helped make Junior's one of the largest-volume delicatessens today, concedes Saul, generating close to $6 million annually the last few years.

Saul describes Junior's food as homemade food—prepared with only the best ingredients. "We make our own pastries with bittersweet, natural chocolate that has no emulsions or preservatives. We use real maple syrup for pancakes and California pearl rice for rice pudding. We also make our own pickles."

One of Saul's biggest claims, incidentally, is that Junior's was one of the first restaurants to brew fresh decaffeinated coffee: "Now everybody's doing it."

Such innovation, clearly, is the stuff of which success is made in the upscale take-out marketplace which, as all indications suggest, stands to grow significantly over the next several years.